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JAN 30 1956

The Honorable Donald A. Quarles
Secretary of the Air Force
Washington 25, D. C.

Dear Mr. Quarles:

I refer to Mr. Gardner's letter of 11 January 1956 in which it is requested that this Agency undertake the procurement, for and in behalf of the Air Force, of L-182 aircraft additional to those presently being procured for Project AQUATONE (TS). The decision that the procurement of airframes and certain other equipment for this Project be undertaken by the Central Intelligence Agency was made concurrently with and as a part of the decision whereby the Project itself was launched. You will remember that the considerations which prompted the undertaking of this major intelligence collection effort by this Agency were the requirement for the tightest possible security and the desire that it be treated as a non-military clandestine activity. The maintenance of security required that knowledge of the activity be confined to the smallest possible circle of people, specifically to many fewer individuals than would normally participate in such procurement were it undertaken in accordance with standard Air Force procedures. In any event, the need for speed required the employment of procedures involving less widespread coordination than those regularly employed by the military departments. These arrangements were understood and agreed between us from the inception of the Project and I believe that an unusually high degree of security has been maintained.

We are now advised that the Department of the Air Force has established a firm requirement for 29 additional aircraft and related equipment for the Air Force inventory for the earliest possible delivery. Upon review we are of the opinion that the production by the Lockheed Aircraft Corporation of its model L-182 and related equipment still requires the highest degree of security protection, since knowledge of

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USAF review(s) completed.

the existence and performance of the L-182 is the most highly sensitive information concerning Project AQUATONE. From discussions between Air Force and Agency personnel on this subject, it appears that the special security procedures and precautions which have been instituted for this procurement heretofore could not be continued if the Air Force were to undertake its own additional procurement. In order to limit knowledge of this aircraft and inferences as to its intended use, I believe the procedure requested by your Department is in the national interest. Accordingly, this Agency will act as executive agent of the Air Force in the procurement of aircraft and related equipment, which will be carried out in accordance with the principles of the Armed Services Procurement Regulations. As your agent, this Agency will take only such action as shall be specifically requested by your Office.

Detailed arrangements for the administration of this program will be worked out at the earliest opportunity with your representatives, at which time the transfer of approximately [] will be accomplished. Furthermore, we will keep the security aspects of this program under constant review as I am in agreement that the administration of the contracts involved should revert to the normal Air Force system at such time as security requirements permit.

Sincerely,

SIGNED

Allen W. Dulles
Director

CONCURRENCES:

s/Lawrence R. Houston

Noted - []

General Counsel

Bureau of the Budget

s/Richard M. Bissell, jr.

RMB:djm

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Special Assistant to the Director
for Planning and Coordination

1&2 - Addressee

3-RMB Chrono

4-Comptroller

5-Master File

6-Service File

7-Project Chrono(w/orig. concurrences)

8-Pro. Sub *dist*